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CAPITAL BUDGET

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PUBLIC IMPROVEMENTS PROGRAM

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CAPITAL BUDGET/PUBLIC IMPROVEMENTS PROGRAM

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INTRODUCTION AND PURPOSE

A "capital improvements budget" is basically a listing of projects (capital improvements) with amounts and sources of funds necessary to complete the work. A "public improvements program" is basically a planned program for providing relatively long-range public capital improvements. These should both be considered as major tools of planning for guiding capital expenditures on public improvements for the community along desirable courses and for insuring that they proceed in an orderly manner.

There are two fundamental differences between a "public improvements program" and a "capital improvements budget." First, whereas a public improvements program is relatively long-range (15 to 20 years) in planning, a capital improvements budget is relatively short-range (5 to 6 years). And second, whereas a public improvements program merely schedules major projects in designated fiscal years, a capital improvements budget schedules both major and minor projects in designated fiscal years with an attached cost estimate by each itemized project.

How should public improvements be selected for programming? First, they should be considered in the context of total community needs. Second, they must be developed within the individual community's financial resources and be supported by a sound financial plan. And third, the program must be kept flexible through periodic review and subsequent revision. Individual improvement projects, even long-range projects, should be evaluated annually, or at least biennially, to confirm their continued need and time scheduling.

It is important that public improvement projects not be undermined by special interest groups which cannot or will not look at total community

needs, facilities, and services. The formulation of a capital improvements budget and public improvements program for a community should be based on an impartial evaluation of needs and those needs converted into projects which will improve the situation. A timetable, based on total community priorities, should then be established for the development of those important projects.

What is needed in the preparation of a capital improvements budget and public improvements program? Most basic is the need for relevant information which can be gathered and subsequently analyzed. Fundamental data concerning a municipality's own unique characteristics must include population trends with potential growth factors, economic base and relative stability, industrial development, and local policies, practices, and attitudes which can have a great effect on current and future public improvements.

The local planning agency should be given a major role in the preparation, development, review, and modification of an effective long-range public improvements program. I t s responsibility should include an analysis of all project proposals to determine if these proposals conform to the town's comprehensive plan for development. This responsibility should also include the ability to make recommendations with respect to priorities, special projects, and methods of financing, as well as suggesting alternative courses of action.

This capital improvements budget/public improvements program will consider the financial capabilities of the Town of Granite Quarry to implement the specific proposals. It will also list the needed capital items over the next six fiscal years and the needed public improvements over the following fifteen years, and evaluate each one of these items to

determine priorities. More specifically, this determination of project needs and priorities will be based upon first, an estimate of the present financial resources and probable future trends in revenues and expenditures; second, an appraisal of the many factors influencing the operation and success of the program; and third, an understanding of the legal requirements and prior commitments which permit or restrict a municipality from following a desired course of action.

BACKGROUND INFORMATION

Granite Quarry is primarily a residential town, though it does have a small downtown business area and some light industrial plants. As the town and surrounding environs continue to increase in population, a corresponding increase is likely in the commercial potential and subsequent development of downtown Granite Quarry. A small industrial park area has recently been created in a sparsely populated section of Granite Quarry.

According to the 1970 census, the Town of Granite Quarry has a population of 1,344, an increase of 285 (27 percent) people over the 1960 population figure of 1,059. The 1976 population is probably near 1,500. Most of this population growth may be thought of as "natural" or internal rather than peripheral growth. Annexations during the decade of the 1960s accounted for an increase of only 58 people. Two small areas were annexed in 1974, and both by petition. One of these, along U. S. 52 south, immediately preceded the construction of an industrial plant. The other, along Old Stone House Road, took in a mobile home park with an estimated population of 50.

In regard to the composition of the population by race, the 1970 census indicated 1,026 whites (76 percent) and 318 blacks (24 percent) lived in Granite Quarry. The median age in Granite Quarry was 29.5. This was less than the City of Salisbury's 33.8 and Rowan County's 31.1, but above the state's 28.1 median age figure. 34.6 percent of Granite Quarry's people are under 18 years of age while 10.3 percent are 65 years and over.

Granite Quarry had 426 households in 1970 as compared to only 312 in 1960, or an increase of 36.5 percent. There are 3.18 people per household in Granite Quarry as compared with 2.80 in Salisbury and 3.03 in Rowan

County. The vacancy rate in Granite Quarry is only one percent--lowest of any Rowan County municipality. Approximately 90 percent of the housing units in Granite Quarry are single family units. 73 percent of the units in Granite Quarry are owner-occupied. The 1970 census listed only 7 percent of the housing units as not having complete plumbing facilities and only 6 percent as overcrowded. In regard to value of the units, 40 percent of the owner-occupied units in 1970 had an estimated value of below $10,000 and 9 percent were valued at over $25,000. Of the rental units, 60 percent rented for below $60 per month and 6 percent for over $100 per month.

Urban growth and expansion is being experienced in Granite Quarry and is expected to continue at an accelerated pace. Suburban residential areas are sprouting to the north and south of town along and near U. S. 52; similar suburban type developments may be expected within the next 15 years to the east and west of town. The downtown district will emerge as a bona-fide commercial area if residential zoning is maintained in existing residential districts and patterns of development are encouraged to continue in a logical, planned manner. Industrial prospects are now casting a favorable eye on Granite Quarry as a prime, growing, expanding area.

Granite Quarry began its planning operation in May 1966 with the formulation of a five man planning board, and expanded that board to seven members in April 1969. In October 1972 an Advisory Board was appointed. This Advisory Board is composed of persons residing in the extraterritorial jurisdictional area who meet with the Granite Quarry Planning Board (and with the Granite Quarry Zoning Board of Adjustment) to assist in the formulation of plans, policies, and ordinances designed to insure the orderly growth and development of the area.

The first study undertaken by the Granite Quarry Planning Board was a Comprehensive Plan showing existing development and planned future development. This study was published March 1970. A second report, entitled Community Facilities Study, was published March 1971. The contents of these reports have been instrumental in the formulation of this Capital Budget/Public Improvements Program. A Community Appearance Study was published in June of 1974, and a Management and Policy Planning Report was published in May of 1975.

Granite Quarry adopted its first zoning ordinance February 1971, and readopted that ordinance, with amendments, June 1972. A major revision of the zoning ordinance, completed April 1973, showed zoning in major growth areas outside the town limits. Zoning throughout the remainder of the Granite Quarry jurisdictional area was completed during the 1974-75 fiscal year.

L E G E N D

GRANITE QUARRY
EXISTING COMMUNITY FACILITIES

MAP 1

1 New Municipal Building Complex

2 Water Tower

3 Granite Quarry Elementary School

4 Granite Quarry Baseball Field

5 Granite Civic Park

6 Granite Quarry Recreation Center

7 Granite Lake

8 Land Owned by Granite Quarry Development Association, Inc.

9 New Site of Granite Quarry Railway Depot

10 Wastewater Treatment Facility

GRANITE QUARRY, N. C.

EXISTING COMMUNITY FACILITIES

MAP- 1

FINANCING THE CAPITAL BUDGET

Revenues and Expenditures

An analysis has been made of past revenues and expenditures for the Town of Granite Quarry. Information used in this analysis has been obtained through a study of municipal audit reports for the fiscal years 1969-70 through 1974-75. Data gained from the study provides a clearer understanding of the probable growth in revenues, as well as how much of the revenues may need to be expended for capital improvements--if the amount expended for capital improvements is to remain at the current level. It is thereby possible, from this data, to make more intelligent assumptions about the town's abilities to pay for future capital improvements.

Revenues: Trends and Sources

A summary of actual town revenues is shown in Table 1. It should be noted that, for the purposes of this particular report, it was necessary to depart from the standard auditing procedures which are required for the auditing report, to be assured that revenues were not counted more than once. This situation applies in an audit report when money is counted as a revenue for one fund, but then transferred to another fund where the money is counted as a revenue for a second time. In instances such as these, caution was used in counting revenues only once. The same procedure was used, of course, in counting expenditures.

TABLE 1 REVENUE* TRENDS

Fiscal Year	Revenues	Numerical Differences	Percentage Differences
FY 1969-70	$195,344	+$ 9,911	+ 5.3
FY 1970-71	$228,305**	+$32,961	+16.9
FY 1971-72	$233,405***	+$ 5,100	+ 2.2
FY 1972-73	$229,817	-$ 3,588	- 1.5
FY 1973-74	$353,858	+$124,041	+54.0
FY 1974-75	$382,022****	+$28,164	+ 8.0

*Excludes budgeted surpluses from previous years

**An additional amount of $150,520 was also available in the form of a federal grant for water/sewer construction

***An additional amount of $48,073 was also available in the form of a federal grant for water/sewer construction

****An additional amount of $16,300 was also available in the form of a federal sewer grant from the Environmental Protection Agency

SOURCE: Granite Quarry Audit Reports

The trend shows a very unsteady, but growing revenue base, with an average rate of increase of about 16 percent over the past five fiscal years. Additional revenues from federal grants were received as indicated in Table 1 footnotes. These "revenues" have not been included in the original calculations to prevent showing a misrepresentation of the town's revenues and revenue trends. Nevertheless, federal funds must be acknowledged as a source of revenues during fiscal years 1970-71 and 1971-72. Some actual distortion of the town's revenue trends may also arise from the town's receiving general revenue sharing money beginning in fiscal year 1971-72. As is shown on page 24, the town received about $7,300 in fiscal year 1971-72, and over $15,000 in every fiscal year since that time. This money may tend to show the town's revenues accelerating at a higher rate than is actually the case.

Total revenues, including budgeted surpluses from previous years, are broken down by various funds within the municipal budgets for fiscal years 1969-70 - 1974-75 in Table 2. The General Revenue Sharing Trust Fund was established for fiscal year 1972-73 with the arrival of general revenue sharing funds. Fairly steady and significant increases can be noted in both the General Fund and Sewer Fund (since its creation in fiscal year 1970-71). Slight fluctuations should be noted in the Water Fund and great fluctuations can be seen in the Powell Bill Fund--attributable mainly to the carryover of funds from one fiscal year to another and a change in state allocations (see next paragraph). Unlike other funds, the Debt Service Fund is not subject to appreciable change and is established through fiscal year 2005-06 (to be discussed later in this report).

Some of the more major sources of revenues, particularly under the General Fund category, are shown (according to type and fiscal year) in Table 3. No carryover of funds from one fiscal year to another is shown here. The most significant increase in revenues has come from collection of local taxes which, according to audit reports, increased by over $36,000, or 141 percent, between FY 1969-70 and FY 1974-75. Over that same time period, the largest percentage gain has been in the utilities franchise tax where a staggering 442.1 percent increase can be noted. Other large increases are in Powell Bill funds with a 147.7 percent increase, wine and beer tax with an 86.2 percent increase, intangible properties tax with a 75.8 percent increase, and water sales with a 57.2 percent increase. A decrease of 19.1 percent should be noted in the ABC net revenues.

Increases (and the decrease) have been very unsteady from most of the revenue sources. The intangible properties tax, for example, showed a big gain between FY 1970-71 and FY 1971-72, but during FY 1974-75 was slightly less than in either of the previous two fiscal years. Similarly, the

TABLE 2 TOTAL REVENUES* BY BUDGETED FUNDS

Fiscal Year	General Fund	General Revenue Sharing Trust Fund	Water Fund	Sewer Fund	Debt Service Fund	Powell Bill Fund	Total
FY 1969-70	$116,318	N.A.	$35,528	N.A.	$17,498	$26,000	$195,344
FY 1970-71	$132,525	N.A.	$31,108	$ 6,600	$47,572	$10,500	$228,305
FY 1971-72	$138,148	N.A.	$28,450	$ 9,885	$47,922	$ 9,000	$233,405
FY 1972-73	$162,584	N.A.	$33,691	$17,042	$47,191	$16,500	$229,817
FY 1973-74	$181,119	$36,534	$38,608	$19,050	$47,547	$31,000	$353,858
FY 1974-75	$197,648	$34,225	$49,050	$36,325	$47,774	$18,000	$383,022

*Including budgeted surpluses and roundings to nearest dollar

N.A. means not applicable

SOURCE: Granite Quarry Audit Reports

TABLE 3 SELECTED REVENUE SOURCES AND TRENDS

	FY 1969-70	FY 1970-71	FY 1971-72	FY 1972-73	FY 1973-74	FY 1974-75	FY 1975-76[f]
Taxes from current year[a]	$25,895	$40,504	$44,356	$45,778	$50,359	$62,367	$62,280
Taxes from previous years[a]	$ 1,396	$ 1,407	$ 2,694	$ 1,386	$ 1,870	$ 1,273	$ 1,200
Local government sales tax[a]	--	--	--	--	$11,503	$19,846	$21,540
Intangible property tax[a]	$ 1,786	$ 1,849	$ 2,865	$ 3,222	$ 3,308	$ 3,139	$ 2,730
Utilities franchise tax[a]	$ 3,037	$ 5,812	$ 6,856	$ 8,050	$ 7,842	$16,464	$17,800
ABC net revenues[a]	$ 9,674	$ 9,225	$ 9,653	$ 6,288	$ 5,790	$ 7,831	$ 8,000
Wine and beer tax[a]	$ 2,252	$ 2,340	$ 3,013	$ 3,222	$ 3,757	$ 4,193	$ 4,400
Water sales[b]	$23,478	$25,785	$27,024	$33,329	$35,876	$36,919	$37,000
Sewer charges[c]	--	$ 3,702	$13,482	$17,819	$19,283	$20,193	$20,500
Powell Bill funds[d]	$ 7,125	$ 7,286	$ 8,015	$16,784	$18,027	$17,649	$17,600
General Revenue Sharing Funds[e]	--	--	--	$18,542	$16,029	$15,454	$17,820

SOURCE: Granite Quarry Audit Reports, FY 1969-70 - FY 1974-75; Granite Quarry Municipal Budget, FY 1975-76

[a]From General Fund

[b]From Water Fund

[c]From Sewer Fund

[d]From Powell Bill Fund

[e]From General Revenue Sharing Trust Fund

[f]Estimate from current municipal budget

utilities franchise tax has experienced some major increases--most noteably between FY 1973-74 and FY 1974-75 when the increase was well over 100 percent. ABC net revenues, though showing the only net decrease among major revenue sources, showed a recovery between FY 1973-74 and FY 1974-75. The wine and beer tax seems to be increasing relatively slowly, but steadily. Water sales have been similar to wine and beer tax revenues in the steady, slow growth of revenues received. Powell Bill funds jumped appreciably between FY 1971-72 and 1972-73 (over 100 percent increase), but have decreased slightly this past fiscal year.

There are two major sources of revenue which are available now which were not available six fiscal years ago. One is the local government sales tax which began in FY 1973-74. It now pumps $19,846 into the local budget. The Town began receiving General Revenue Sharing funds during FY 1972-73 and has received over $15,000 in every fiscal year since that time.

Revenue Estimates for State-Shared and State-Collected Taxes

Wine and Beer Tax:

Wine and beer tax collections for the current year (FY 1975-76) are running approximately five percent above collections for the same period a year ago. Predictions are that this trend will continue and municipalities, like Granite Quarry, which share in wine and beer tax proceeds, can reasonably estimate a five percent increase in revenue from this source over the amount received in FY 1975-76.

Utilities Franchise Tax:

The gross receipts from the utilities franchise tax, particularly the tax on electric power sales, have increased substantially during the year.

The revenue increase from this source may exceed eight percent for FY 1976-77. At this time municipalities are advised to estimate only an eight percent increase, though revenues may actually exceed ten percent.

Intangibles Tax:

Because of last year's declining economy, the intangibles tax revenue declined severely during this past fiscal year. Revenue from this source decreased about 13 percent from the amount received from this source during the previous fiscal year. However, for the coming fiscal (FY 1976-77), intangibles tax allocations will increase--primarily because of recoveries in stock values. On a statewide basis, it is projected that intangibles tax allocations will increase by about seven percent over those of FY 1975-76. Since intangibles taxes are allocated from the state to each county and the municipalities therein in proportion to the total amount of ad valorem taxes levied by each during the preceding fiscal year, large property tax increases by the county or by several municipalities in the 1975-76 fiscal year can result in changed intangibles tax allocations from one to the other in the 1976-77 fiscal year.

Local Government Sales Tax:

Local government sales tax receipts vary widely from county to county in North Carolina. Collections from the current year indicate that some counties have experienced a substantial increase in sales tax revenues while others have not. On a statewide basis, however, sales tax receipts are up about ten percent over collections from the same period a year ago and the state is projecting another ten percent increase in sales tax receipts during FY 1976-77. A municipality with an average growth rate may reasonably estimate a nine percent increase in revenues from this source over the amount

received during the current year. These figures are highly variable causing extreme difficulty in making estimates.

Powell Bill Allocations:

State gasoline tax collections for the first eight months of FY 1974-75 (July 1974 through February 1975) are about two percent above collections for the same period a year ago. Collections from March 1 through June 30 (1975) are expected to increase slightly and the state is estimating about a three percent increase in gasoline tax revenue at the end of this fiscal year over what the state received in FY 1974-75. Nevertheless, municipalities have been advised to estimate no more than a two percent increase in Powell Bill allocations for FY 1976-77 that they received in FY 1975-76. Municipalities with relatively slow growth rates may receive even a lesser increase.

Expenditures

Expenditures made by Granite Quarry have also been reviewed. Of particular importance, in the context of this report, is expenditures for capital improvements and debt service, and what percentage of total town expenditures they account for. This percentage, in turn, has been used as the fundamental basis for determining a reasonable amount of expected future revenues which may be set aside for capital improvements and debt service without creating an overly burdensome hardship on other municipal responsibilities.

One question may be why include debt service with capital improvements. Primarily, debt service is included in this analysis because it reflects annual payments for capital items which are being acquired on a long term basis. As such it represents a commitment which must be met each year before money can be appropriated for additional capital improvements.

A summary of the analysis of town expenditures over the past six fiscal years is shown on Table 4. Included on the table are columns showing total expenditures, expenditures for capital improvements, and expenditures for debt service. Not shown is the unusually large expenditure for sewer construction. This expenditure, being atypical in nature, would tend to grossly distort the trend. It is shown, however, through annual principal and interest payments on the bonds. It is more appropriate to show the debt payments in this manner (through debt service) since this is how Granite Quarry will actually pay for the facilities. Also not shown on the table are funds spent for water and sewer constructions which were available through federal grants during fiscal years 1970-71, 1972-72, and 1974-75. Since these expenditures are not normal to the usual expenditure pattern and also will not be available every year, it is felt that the appearance of these expenditures in this table would add an unnecessary misrepresentation. Nevertheless, federal grants should not be overlooked as a source of revenue for special purposes.

TABLE 4 ANNUAL EXPENDITURES FOR CAPITAL IMPROVEMENTS AND DEBT SERVICE

Fiscal Year	Total Expenditures	Expenditures for Capital Improvements	Expenditures for Debt Service
1969-70	$121,758	$25,942	$26,680
1970-71	113,352	17,139	47,575
1971-72	130,357	15,353	48,949
1972-73	110,421	6,886	47,191
1973-74	181,983	58,173	47,505
1974-75	149,126	31,021	47,774

SOURCE: Granite Quarry Audit Reports

Table 4 also shows that over the past six fiscal years outlays for capital improvements have fluctuated greatly, as have total town expenditures. The increase in debt service between FY 1969-70 and FY 1970-71 is significant because of the addition of the sewer bonds. Debt service represents a major portion of all expenditures, and must be considered in anticipating or projecting future revenues which will be available for new capital improvements.

Annual expenditures are shown as a percentage of revenues received in Table 5. That percentage has been unsteady, fluctuating between a low of 39.0% in FY 1974-75 to a high of 62.3% in FY 1969-70. The average, annual six fiscal year expenditure as a percentage of revenues received is about 50 percent.

TABLE 5 ANNUAL EXPENDITURES AS PERCENT OF REVENUES RECEIVED*

Fiscal Year	Revenues	Expenditures	Expenditures as Percent of Revenues
1969-70	$195,344	$121,758	62.3%
1970-71	228,305	113,352	49.6%
1971-72	233,405	130,357	55.9%
1972-73	229,817	110,421	48.0%
1973-74	353,858	181,983	51.4%
1974-75	382,022	149,126	39.0%

*Excludes budgeted surpluses

SOURCE: Granite Quarry Audit Reports

The importance that all capital improvements and debt service have in the budget is shown in Table 6. In this table expenses for capital improvements and debt service are shown as a percent of total expenditures made in the years indicated. While each municipality is separate and unique and

should not be thought of in a comparative way, Granite Quarry has shown in recent years a determination to commit an unusually large percentage of its budget to capital improvements, either directly by annual purchases, or indirectly through debt service payments. The six fiscal year average annual percentage of total town expenditures devoted to capital improvements and debt service is 51.1 percent.

TABLE 6 CAPITAL IMPROVEMENTS AND DEBT SERVICE AS A PERCENT OF TOTAL EXPENDITURES

Fiscal Year	Capital Improvements	Debt Service	Capital Improvements and Debt Service
1969-70	21.3%	23.5%	44.8%
1970-71	15.1%*	42.0%	57.1%
1971-72	11.8%	37.5%	49.3%
1972-73	6.2%	42.6%	48.8%
1973-74	32.0%	26.1%	58.1%
1974-75	20.8%	32.0%	52.8%

*These percentages do not include federal grant funds which were used to construct water and sewer facilities

SOURCE: Granite Quarry Audit Reports

Actual town expenditures for type of capital improvements by fiscal years 1969-70 - 1974-75 are shown in Table 7. Overall, expenditures have been rather erratic and have been very heavily oriented toward water and sewer work and street work. The table, however, does not show a "building fund," or money being held in reserve (though not referred to as a "reserve fund") for the purchase of land and construction of a new municipal building. For this purpose, the town had budgeted $40,000 before FY 1967-68, budgeted $15,000 during FY 1967-68 to bring the fund up to $55,000, was unable to budget any amount the next four fiscal years, but was able to budget $20,000 during FY 1972-73 to bring the building fund amount to $75,000. The $16,000 expended in FY 1973-74 through the use of General Revenue Sharing money for

"Municipal Building site" is not a part of that $75,000 "reserve" for building fund. Through use of this "reserve" building fund, along with funds received through General Revenue Sharing, the Town in February 1976 was able to purchase an existing building which could be remodeled to serve as the new Granite Quarry Municipal Building. The acquisition was an extremely important one for the Town. The building, though vacant for several months, is sufficiently large enough for the Town Office, Public Works Department, Fire Department, and Police Department, with additional room for expansion. Located in downtown Granite Quarry on U. S. 52, the site conforms with the Town's Land Development Plan showing a compact but growing downtown area. The Town's acquisition of this building, along with the construction of a bank immediately across the street, should provide the stimulus for a more dynamic downtown. It is anticipated that, with proper maintenance, the new Municipal Building Complex can adequately serve the Town's needs for the next 40 to 50 years.

Table 7 shows over $75,000 being spent by the town between fiscal years 1969-70 and 1974-75 on "street work." This money came from Powell Bill funds which is state money only to be spent for street work. But an additional $14,000 of General Fund money was used for street paving and repairs. Therefore street maintenance is considered a rather high priority item in Granite Ouarry. Water line extensions and the relocation of water main and pump station accounted for an expenditure of about $15,000 while sewer line extensions and sewer plant warehouse costs accounted for over $13,500.

TABLE 7

EXPENDITURES FOR CAPITAL IMPROVEMENTS
FY 1969-70 - FY 1974-75

	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	TOTAL FY 1969-70 - FY 1974-75
Water line extensions	$ 200	$ 1,085	$ 110	$ 190	$ 195	$11,604	$ 13,384
Relocation of water main & pump station	1,595						$ 1,595
Sewer line extensions					2,720	6,563	$ 9,283
Sewer plant warehouse			4,373				$ 4,373
Sidewalks					8	107	$ 115
Street paving and repairs	2,360	6,196		25	376	5,011	$ 13,968
Street work*	21,787	9,859	6,898	1,775	33,855	1,271	$ 75,445
Truck liner						1,687	$ 1,687
Tractor with mower			2,472				$ 2,472
Movable conveyor				1,365			$ 1,365
Pickup truck					2,632		$ 2,632
Street truck						300	$ 300
Backhoe						4,000	$ 4,000
Office equipment				2,531	490	478	$ 3,499
Town ordinance rewriting				1,000	1,897		$ 2,897
Special recreation project			1,500				$ 1,500
Municipal Building site					16,000		$ 16,000
TOTAL	$25,942	$17,140	$15,353	$ 6,886	$58,173	$31,021	$154,515

*Powell Bill funds

SOURCE: Granite Quarry Audit Reports

Table 8 shows appropriations for capital improvements as presented in the FY 1975-76 municipal budget. Of the $236,800 appropriated, $33,800 (14 percent) would be taken from the Powell Bill Funds for street work. An additional $20,000 General Fund money would go toward further street maintenance (pavings and repairs).

Few vehicles have been necessary because the town has few municipal employees. However, with the recent establishment of a police department, it will be necessary to consider replacement of patrol cars every two to three years. The Town contracts out its garbage collection, so it is not necessary to have a garbage truck. Vehicles, usually major items on a town's list of capital expense items, have not been necessary items in Granite Quarry. The town's only vehicles are two fire trucks (a 1952 Ford combination pumper and a 1962 Chevrolet LaFrance combination pumper), a 1949 GMC truck, a 1974 one-half ton Chevrolet truck, an I. H. Cub tractor with mower, and an International backhoe.

Projected town revenues and expenditures for capital improvements over the capital budgeting period (FY 1976-77 - FY 1981-82) is shown on Table 9. The annual incremental growth rate of 12 percent was derived from averaging revenue increases over the past six fiscal years. This is used in the actual projection of future revenues. Projected expenditures are based on the past six year average annual expenditures per revenues figure of about 51 percent. About 52 percent of all expenditures over the past six fiscal years have been devoted to capital improvements and debt service. Projected expenditures for those purposes are primarily based on past expenditures. Debt service is a known factor over the next six fiscal years, so the projected amount for capital improvements can be computed. The

remaining "surplus revenues" figure is the amount when the projected expenditures are subtracted from the projected revenues.

TABLE 8 APPROPRIATIONS FOR CAPITAL IMPROVEMENTS FY 1975-76

Item	Fund	Department	Item Amount	Fund & Dept. Amount
Water line extension	Water	--	$ 5,000	$ 5,000
Sewer line extension	Sewer	--	$ 16,400	
Infiltration analysis study	Sewer	--	$ 5,700	$22,100
Street work	Powell St.	--	$ 33,800	$33,800
Street paving & repairs	General	Public Works	$ 20,000	
Street signs and traffic signals	General	Public Works	$ 100	$21,100
Sidewalks	General	Public Works	$ 1,000	
Municipal Building-Fire Station Complex	General	--	$ 90,000*	$90,000*
Reserve for fire truck	General	Fire	$ 10,000	
Fire suppression equipment	General	Fire	$ 1,400	$11,400
Police equipment	General	Police	$ 1,200	$ 1,200
Writing town code	General	Administrative	$ 2,000	
Granite Quarry elementary school playground	General	Administrative	$ 200	$ 2,200
Capital project fund-- Municipal Building site/paving and landscaping	Revenue Sharing	--	$ 50,000	$50,000
		TOTAL	$236,800	

*In part, from General Revenue Sharing Trust Fund

SOURCE: Granite Quarry Municipal Budget, FY 1975-76

TABLE 9

PROJECTED TOWN REVENUES AND EXPENDITURES
FOR CAPITAL IMPROVEMENTS AND DEBT SERVICE
FY 1975-76 - FY 1980-81

Fiscal Year	Projected Revenues[1]	Expenditures Based on 51% of Revenues[2]	Expenditures Based on 52% for Capital Improvements and Debt Service[3]	Amount Committed to Debt Service	Available for Capital Improvements	Surplus Revenues
1975-76	$427,865	$218,211	$113,470	$47,006	$ 66,464	$209,654
1976-77	$479,209	$244,397	$127,086	$47,239	$ 79,847	$234,812
1977-78	$536,714	$273,724	$142,336	$47,426	$ 94,910	$262,990
1978-79	$604,120	$308,101	$160,213	$46,578	$113,635	$296,019
1979-80	$676,614	$345,073	$179,438	$46,729	$132,709	$331,541
1980-81	$757,808	$386,482	$200,971	$46,835	$154,136	$371,326

[1]Based on average annual incremental growth, FY 1968-69 - FY 1974-75, of about 12% (see Table 1)

[2]Does not include funds reserved in special building fund; based on annual average expenditures of revenues, FY 1969-70 - FY 1974-75, of about 51% (see Table 5)

[3]Based on average annual expenditures devoted to capital improvements and debt service, FY 1979-70 - FY 1974-75, of about 52% (see Table 6)

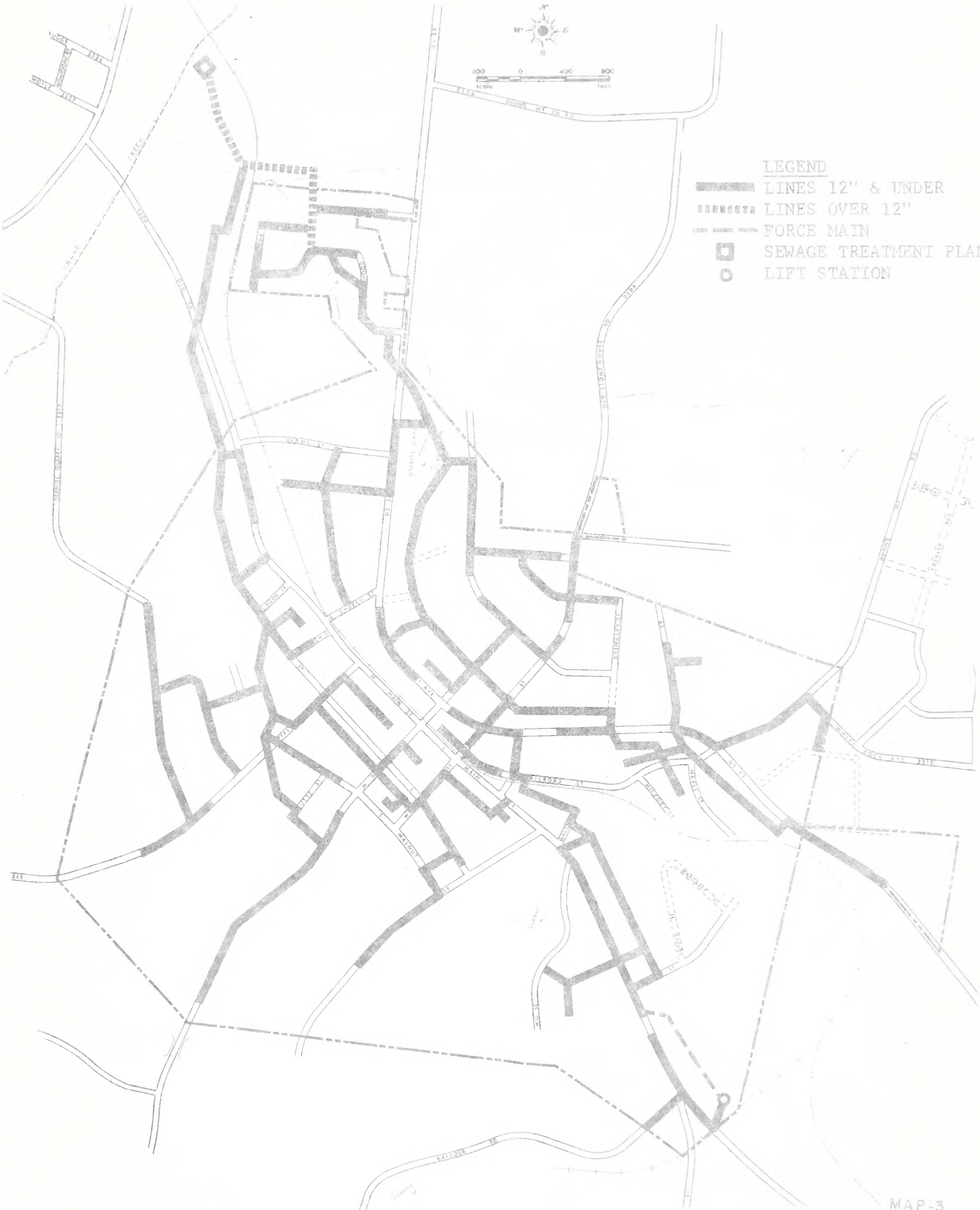
EXISTING WATER SYSTEM

GRANITE QUARRY, N. C.

MAP-2

EXISTING SEWERAGE SYSTEM

GRANITE QUARRY, N. C.



MAP-3

UNPAVED STREETS

GRANITE QUARRY, N. C.

MAP-4

General Revenue Sharing

Revenue sharing is a relatively new source of income and deserves special attention. Revenue sharing is a concept where revenues are distributed from the federal government back to state and local units of government. Moreover, revenue sharing is an attempt to decentralize much of the authority over the use of federal funds for domestic programs to state and local officials.

Revenue sharing may appear in more than a single form. For example, there is General Revenue Sharing and Community Development Revenue Sharing. General Revenue Sharing began in 1972. This type revenue sharing, however, was not intended as a replacement for the categorial grant program. Its "replacement" is the Community Development Revenue Sharing Program, which began in 1975 and, although Granite Quarry has not received any funds through the program, it nevertheless will be discussed in the next section.

General Revenue Sharing funds received by units of local government may be used only for "priority expenditures," which includes "ordinary and necessary capital expenditures authorized by law" and "ordinary and necessary maintenance and operating expenses." This latter category includes the following:

(1) public safety (law enforcement, fire protection, and building code enforcement)

(2) environmental protection (sewage disposal, sanitation, and pollution abatement)

(3) public transportation (transit systems and streets)

(4) health

(5) recreation

(6) libraries

(7) social services for the poor and aged

(8) financial administration

Use of the funds for debt retirement is a permissible expenditure provided that:

(1) the funds are not used to pay any interest of the debt

(2) the debt was originally incurred for a priority expenditure purpose

(3) the actual expenditures from the proceeds of the indebtedness were made on or before January 1, 1972

(4) the actual expenditures from the proceeds of the indebtedness were not in violation of any restrictions as herein enumerated

In General Revenue Sharing, state governments receive one-third of the total allocations and the local units of government receive the remaining two-thirds. Distributions are made by formula which considers population, income (per capita), and local tax rate. Formula allocations are determined by multipyling the town's population by the local tax rate, and dividing that total by the per capita income.

Thus far, the Town of Granite Quarry has received the following General Revenue Sharing money:

(1)	for the period January 1 - June 30, 1972:	$ 7,313
(2)	for the period July 1 - December 31, 1972:	7,081
(3)	for the period January 1 - March 31, 1973:	4,148
(4)	for the period April 1 - June 30, 1973:	4,149
(5)	for the period July 1 - September 30, 1973:	3,960
(6)	for the period October 1 - Dec. 31, 1973:	3,960
(7)	for the period January 1 - March 31, 1974:	3,960
(8)	for the period April 1 - June 30, 1974:	3,960
(9)	for the period July 1 - September 30, 1974:	3,831
(10)	for the period October 1 - Dec. 31, 1974:	3,831
(11)	for the period January 1 - March 31, 1975:	3,831
(12)	for the period April 1 - June 30, 1975:	3,831
(13)	for the period July 1 - September 30, 1975:	4,455
(14)	for the period October 1 - Dec. 31, 1975:	4,455
(15)	for the period January 1 - March 31, 1976:	4,455
(16)	for the period April 1 - July 31, 1976:	4,455
		$71,675

The Town should be receiving General Revenue Sharing funds for at least through a portion of fiscal year 1976-77. Initiated in 1972, the program is scheduled to expire on December 31, 1976. However, action by Congress could extend the General Revenue Sharing program beyond December 1976. All that is certain now is that municipalities are assured of two quarterly payments for the periods July 1 - September 30, 1976 (to be mailed October 1, 1976) and October 1 - December 31, 1976 (to be mailed January 7, 1977).

Most of the General Revenue Sharing money in Granite Quarry had been put in a trust fund for the new municipal building. Now that that money has been expended for acquisition of the building, remodeling, furnishings, and landscaping, priorities for spending the remainder of the General Revenue Sharing money should be established. Capital items should rank high on that priority list. One such capital item for which a portion of the General Revenue Sharing money could be allocated, or set aside for in the Reserve Fund, is the fire truck which the Town expects to purchase in fiscal year 1979-80.

Community Development Revenue Sharing

Applicability and Scope:

The community development block grant program replaces the following programs consolidated by the Housing and Community Development Act of 1974:

(a) Urban renewal (and neighborhood development programs) under Title I of the Housing Act of 1949;

(b) Model cities under Title I of the Demonstration Cities and Metropolitan Development Act of 1966;

(c) Water and sewer facilities under Section 702 of the Housing and Urban Development Act of 1965;

(d) Neighborhood facilities under Section 703 of the Housing and Urban Development Act of 1965;

(e) Public facilities loans under Title II of the Housing Amendments of 1955;

(f) Open space land under Title VII of the Housing Act of 1961; and

(g) Rehabilitation loans under Section 312 of the Housing Act of 1964 (except that such loans may be made under the authority of Section 312 of the Housing Act of 1964, as amended, until August 22, 1975).

Objective and Purpose of Program:

The primary objective of the Community Development Program is the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the federal assistance provided is for the support of community development activities which are directed toward the following specific objectives:

(1) The elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;

(2) The elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance and related activities;

(3) The conservation and expansion of the housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;

(4) The expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;

(5) A more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

(6) The reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and

(7) The restoration and preservation of properties of special value for historic, architectural or aesthetic reasons.

Eligible Activities:

Grant assistance for a community development program may be listed only for the following activities:

(1) Acquisition in whole or in part by purchase, lease, donation, or otherwise, of real property (including air rights, water rights, and other interests therein) which is--

(a) Blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth, as determined by the recipient pursuant to state and local laws;

(b) Appropriate for rehabilitation or conservation activities;

(c) Appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;

(d) To be used for the provision of public works, facilities, and improvements eligible for assistance; or

(e) To be used for other public purposes, including the conversion of land to other uses where necessary or appropriate to the community development program.

(2) Acquisition, construction, reconstruction, or installation of the following public works, facilities, and site or other improvements: neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, water and sewer facilities, foundations and platforms for air rights sites, pedestrian malls and walkways, and parks, playgrounds, and other facilities for recreational participation; flood and drainage facilities in cases where assistance for such facilities has been determined to be unavailable under other federal laws or programs, and parking facilities, solid waste disposal facilities, and fire protection services and facilities which are located in areas or which serve areas in which other activities are being, or are to be, carried on.

(3) Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area.

(4) Clearance, demolition, removal, and rehabilitation of buildings and improvements including: (a) interim assistance to alleviate harmful

conditions in which immediate public action is needed; (b) financing rehabilitation of privately owned properties through the use of grants, direct loans, loan guarantees, and other means, when in support of other activities; and (c) demolition and modernization (but not new construction) of publicly owned low-rent housing.

(5) Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

(6) Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities.

(7) Disposition, through sale, lease, donation, or otherwise of any real property acquired, or its retention for public purposes, provided that the proceeds from any such disposition shall be expended only for activities in accordance with this part.

(8) Provision of public services not otherwise available in areas, or serving residents of areas, in which the recipient is undertaking, or will undertake, other activities where such services are determined to be necessary or appropriate to support such other activities and where assistance in providing or securing such services under other applicable federal laws or programs has been applied for and denied or not made available. For the purposes of this portion, such services shall be directed toward: (a) improving the community's public services and facilities including those concerned with the employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas; and (b) coordinating public and private development programs.

(9) Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the community development program provided that such payment shall be limited to activities otherwise eligible under this section.

(10) Payment of the cost of completing a project funded under Title I of the Housing Act of 1949, including the provisions for financial settlement.

(11) Relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this part, including all benefits at least equal to the minimum levels established under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(12) Activities necessary: (a) to develop a comprehensive community development plan (which plan may address the needs, strategy, and objectives to be summarized in the application, but may treat only such public services as are necessary or appropriate to support activities meeting such needs and objectives); and (b) to develop a policy/planning/management capacity so that the recipient may more rationally and effectively--

--determine its needs

--set long-term goals and short-term objectives

--devise programs and activities to meet the goals and objectives

--evaluate the progress of such programs in accomplishing these goals and objectives

--carry out management, coordination, and monitoring of activities necessary for effective planning implementation

(13) Payment of reasonable administrative costs and carrying charges related to the planning and executing of community development and housing activities, including the provision of information and, at the discretion of the recipient, of resources to residents of areas in which other community development activities and the housing activities covered in the Housing Assistance Plan are to be concentrated with respect to the planning and execution of such activities.

Ineligible Activities:

Any type of activity not described above is ineligible. The following list of examples of ineligible activities is merely illustrative, and does not constitute a list of all ineligible activities:

(1) Public facilities. The general rule is that a public facility is ineligible to be acquired, constructed, reconstructed, rehabilitated, or installed unless it is specifically mentioned in the preceding section, or was previously eligible under any of the programs consolidated by the Act (except the public facilities loan program, the model cities program, and as an urban renewal local grant-in-aid eligible under the Housing Act of 1949) and cited herein. Examples of facilities which cannot be provided with these funds include the following:

(a) Buildings and facilities for the general conduct of government, such as city halls and other headquarters of government (where the governing body meets regularly), of the recipient and which are predominantly used for municipal purposes, courthouses, police stations, and other municipal office buildings;

(b) Stadiums, sports arenas, auditoriums, concert halls, cultural and art centers, convention centers, museums, libraries, and similar facilities which are used by the general public primarily as

spectators or observers, except cultural art, museum, library, and similar facilities undertaken as part of a neighborhood facilities project;

(c) Schools generally, including elementary, secondary, college and university facilities, but excluding a neighborhood facility or senior center in which classes in practical and vocational activities (such as first aid, homemaking, crafts, etc.) may be taught;

(d) Airports, subways, trolley lines, bus or other transit terminals or stations, and other transportation facilities; and

(e) Hospitals, nursing homes, and other medical facilities, but excluding a neighborhood facility or senior center in which health services are but part of the services offered.

(2) Operating and maintenance expenses. Except for the public services described in the preceding section and the interim assistance authorized, operating and maintenance expenses in connection with community services and facilities are not eligible. Examples include maintenance and repairs of water and sewer and parking facilities, and salaries of staff operating such facilities.

(3) General government expenses. Except for the provisions in the preceding section, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible. Examples include all ordinary general government expenditures not related to the community development program described in the preceding section, and not related to activities eligible in the preceding section.

(4) Political activities. No expenditure may be made for the use of equipment or premises for political purposes, sponsoring or conducting candidates' meetings, engaging in voter registration activity or voter transportation (except where part of the community-wide registration drive sponsored by the unit of general local government), or other partisan political activities.

(5) New housing construction. Construction of new permanent residential structures, or any program to subsidize or finance such construction, is not a permissible use of funds provided under this section, except as provided under the last resort housing provisions of 24 CFR Part 43.

(6) Income payments. Except as authorized in the preceding section, funds may not be expended for direct income payments for housing or for any other purpose, except as provided under the last resort housing provisions of 24 CFR Part 43. Examples include payments for income maintenance and housing allowances.

Bonding and Financial Capacity

Naturally there are limits to the ability of the current funding policy to cope with the requirements of capital outlay, so, when long-term financing of a project is required, it may become necessary to sell bonds. The amount of current revenue available is still a vital factor since it is from this source that debt service payments must be made.

There are two types of bonds: General Obligation Bonds and Revenue Bonds. General Obligation Bonds are backed by the full faith and credit of the municipality or county since they are pledged against the local tax base. State law requires the city or county to levy enough tax per year to pay off its obligation on this bond. Revenue Bonds, on the other hand, are

backed by revenues of the facility they pay for. Examples of these type bonds would be water, electric, and gas. It must be something that brings a profit. Of course, these facilities may also be financed by General Obligation Bonds. Not all money received from this facility need go into paying off the debt. Revenue Bonds are only backed by the pledge of the revenue. Most towns prefer General Obligation Bonds to Revenue Bonds because they carry a lower rate of interest and because of the limitations placed on the use of Revenue Bonds. Debt limitations are 8 percent for towns using General Obligation Bonds, but there is no debt limitation for towns using Revenue Bonds.

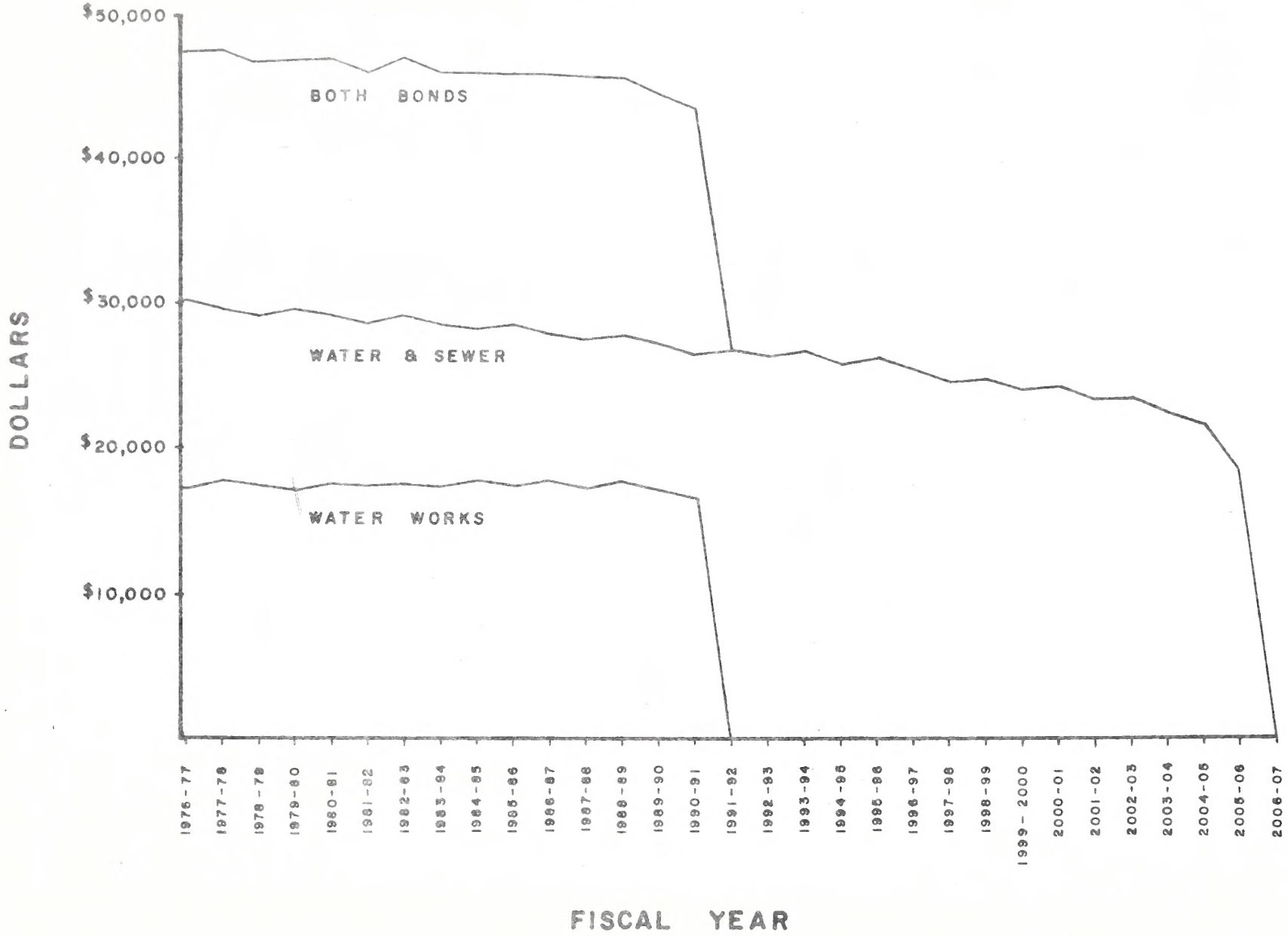
North Carolina municipalities are limited by statute as to the amount of bonded indebtedness they may incur under General Obligation Bonds. At the present time the bonded indebtedness for General Obligation Bonds must not exceed 8 percent of the total assessed property valuation within the town. Due to legislation passed by the General Assembly in 1971, the limitation has been based on appraised value rather than assessed value since July 1, 1973. The North Carolina Local Government Commission keeps the records of bond issues. A municipality must have the approval of the Commission prior to issuing bonds per any reason.

Existing debt service (bonded indebtedness) for Granite Quarry is shown in Table 10 and Graph 1. Both the Waterworks Bond and Water-Sewer Bond are Revenue Bonds rather than General Obligation Bonds, so they are not directly effected by the 8 percent debt limitation. As stated previously, interest rates are higher on Revenue Bonds. Interest on the Waterworks Bond is 3 5/8 percent and on the Water-Sewer Bond, 4 1/2 percent. The Waterworks Bond will be paid June 1, 1991, and the Water-Sewer Bond, June 1, 2006. Interest payments on the Water-Sewer Bond are now more than twice the principal, and will not decrease to less than the amount of the principal until FY 1988-89.

Granite Quarry is heavily committed to bond payments through FY 1990-91. Until then, annual bond payments will be between $43,000 and $48,000. After the Waterworks Bond is paid in FY 1990-91, the annual bond payments will be below $27,000 and continuously decrease.

GRANITE QUARRY BONDED INDEBTEDNESS

(PRINCIPAL AND INTEREST)



GRAPH 1

TABLE 10 EXISTING DEBT SERVICE

	Waterworks		Water-Sewer		
Year	Principal	Interest (3 5/8%)	Principal	Interest (4 1/2%)	Total
1976-77	$10,000.00	$7,213.75	$10,000.00	$20,025.00	$47,238.75
1977-78	11,000.00	6,851.25	10,000.00	19,575.00	47,426.25
1978-79	11,000.00	6,452.50	10,000.00	19,125.00	46,577.50
1979-80	11,000.00	6,053.75	11,000.00	18,675.00	46,728.75
1980-81	12,000.00	5,655.00	11,000.00	18,180.00	46,835.00
1981-82	12,000.00	5,220.00	11,000.00	17,685.00	45,905.00
1982-83	13,000.00	4,785.00	12,000.00	17,190.00	46,975.00
1983-84	13,000.00	4,313.75	12,000.00	16,650.00	45,963.75
1984-85	14,000.00	3,842.50	12,000.00	16,110.00	45,952.50
1985-86	14,000.00	3,335.00	13,000.00	15,570.00	45,905.00
1986-87	15,000.00	2,827.50	13,000.00	14,985.00	45,812.50
1987-88	15,000.00	2,283.75	13,000.00	14,400.00	44,683.75
1988-89	16,000.00	1,740.00	14,000.00	13,815.00	45,555.00
1989-90	16,000.00	1,160.00	14,000.00	13,185.00	44,345.00
1990-91	16,000.00	580.00	14,000.00	12,555.00	43,135.00
1991-92			15,000.00	11,925.00	26,925.00
1992-93			15,000.00	11,250.00	26,250.00
1993-94			16,000.00	10,575.00	26,575.00
1994-95			16,000.00	9,855.00	25,855.00
1995-96			17,000.00	9,135.00	26,135.00
1996-97			17,000.00	8,370.00	25,370.00
1997-98			17,000.00	7,605.00	24,605.00
1998-99			18,000.00	6,840.00	24,840.00
1999-2000			18,000.00	6,030.00	24,030.00
2000-01			19,000.00	5,220.00	24,220.00
2001-02			19,000.00	4,365.00	23,365.00
2002-03			20,000.00	3,510.00	23,510.00
2003-04			20,000.00	2,610.00	22,610.00
2004-05			20,000.00	1,710.00	21,710.00
2005-06			18,000.00	810.00	18,810.00

SOURCE: Granite Quarry Audit Reports

Property Valuation

Over the past five fiscal years, property valuations in Granite Quarry have increased by almost 50 percent, as is shown in Table 11. Numerical and percentage differences are shown in the appraised valuations for the years 1970 through 1975 which have increased by $3,304,271.

TABLE 11 PROPERTY VALUATION CHANGES

Year	Appraised Valuation	Numerical Change	Percentage Change
1970	$6,642,904	+$ 301,873	+ 4.8%
1971	$7,087,798	+$ 444,894	+ 6.7%
1972	$7,227,273	+$ 139,475	+ 2.0%
1973	$7,372,345	+$ 145,072	+ 2.0%
1974	$9,277,470	+$1,905,125	+25.8%
1975	$9,947,175	+$ 669,705	+ 6.2%
TOTAL		+$3,304,271	+49.7%

SOURCE: Granite Quarry Municipal Budgets

GRANITE QUARRY CAPITAL IMPROVEMENTS BUDGET

A summary of total capital budget project costs and the recommended sources of revenue are shown in Table 12. It appears that Granite Quarry will be able to meet funding requirements with current revenue or reserve funds during the capital budget period (FY 1976-77 through FY 1981-82) without the necessity of further bonding.

TABLE 12

Item
PUBLIC WORKS DEPT.
Street work[1]
Street pavings & repair
Street signs and traffic signals
Sidewalks
Survey of town boundaries
Pickup truck
Street truck
WATER DEPARTMENT
Water line extensions
SEWER DEPARTMENT
Sewer line extensions
Infiltration analysis study
FIRE DEPARTMENT
Fire truck (combination pumper)
Fire equipment
POLICE DEPARTMENT
Patrol car[7]
ADMINISTRATIVE/GENERAL
Municipal Building -
Interior remodeling
Exterior remodeling
Landscaping
Town code revision
Office equipment
TOTAL CAPITAL EXPENDITURES

[1]Powell Bill funds

[2]FY 77 Powell Bill funds plus

[3]Carryover of an unexpended pc
Protection Agency) grant

[4]Carryover of unexpended funds

[5]Amount in Reserve Fund (RF) d

TABLE 12

GRANITE QUARRY CAPITAL BUDGET
FY 1976-77 - FY 1981-82

Item	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	Total Cost to the Town over Six Year Period
PUBLIC WORKS DEPT.							
Street work[1]	$27,000[2]	$18,000	$18,500	$19,000	$19,500	$20,000	$122,000
Street pavings & repair	10,000	10,000	10,000	10,000	10,000	10,000	60,000
Street signs and traffic signals	200	200	200	200	200	200	1,200
Sidewalks	3,000	500	500	500	500	500	5,500
Survey of town boundaries				6,000			6,000
Pickup truck			3,000				3,000
Street truck				500			500
WATER DEPARTMENT							
Water line extensions	5,000	1,000	1,000	1,000	1,000	1,000	10,000
SEWER DEPARTMENT							
Sewer line extensions	10,000[3]	2,000	2,000	2,000	2,000	2,000	20,000
Infiltration analysis study	5,700[4]						5,700
FIRE DEPARTMENT							
Fire truck (combination pumper)	10,000 RF[5] (20,000 TRF)[6]	10,000 RF (30,000 TRF)	15,000 RF (45,000 TRF)	15,000 RF (60,000 TRF)			50,000
Fire equipment	1,500						1,500
POLICE DEPARTMENT							
Patrol car[7]	1,450 RF (1,450 TRF)	1,450 RF (2,900 TRF)	1,450 RF (4,350 TRF)	1,550 RF (5,900 TRF)	1,550 RF (7,450 TRF)	1,550 RF (9,000 TRF)	9,000
ADMINISTRATIVE/GENERAL							
Municipal Building -							
Interior remodeling	10,000						10,000
Exterior remodeling	10,000						10,000
Landscaping	1,000						1,000
Town code revision	500	500	500	500	500	500	3,000
Office equipment	200[8]	100	100	100	100	100	700
TOTAL CAPITAL EXPENDITURES	$95,550	$43,750	$52,250	$56,350	$35,350	$35,850	$319,100

[1] Powell Bill funds

[2] FY 77 Powell Bill funds plus unexpended funds for FY 76

[3] Carryover of an unexpended portion of a federal (Environmental Protection Agency) grant

[4] Carryover of unexpended funds from FY 76

[5] Amount in Reserve Fund (RF) during FY 77

[6] Total (amount) in Reserve Fund; carryover of $5,000 from FY 75, $5,000 from FY 76, and $10,000 for FY 77 for $20,000 total in accumulated Reserve Fund during FY 77

[7] For the Granite Quarry portion of the Granite Quarry-Faith Police Authority's patrol car fund; it is estimated that each town's patrol car will need to be replaced at least every three to four years (estimated 60,000 miles per car)

[8] Postal machine

PUBLIC IMPROVEMENTS PROGRAM

A summary of major public improvement program items are shown below. They represent, in part, the recommendations made in the Granite Quarry Community Facilities Study (1971), and are updated to reflect the full 20 year period through FY 1996-97.

For convenience and a clearer time perspective, the public improvements program has been divided into three separate five year time periods. The first, or short to moderate range study period, is FY 1982-83 through FY 1986-87. This period immediately follows this capital budgeting period and should, therefore, be fairly accurate. The second, or moderate to long range study period, is FY 1987-88 through FY 1991-92. And the third, or long range study period, is FY 1992-93 through FY 1996-97. Projections of improvements needed are based upon the circumstances at the present time and reflect the expected future needs of the Town of Granite Quarry.

PHASE I (FY 1982-83 - FY 1986-87) of Public Improvements Program:

1. Purchase two new patrol cars.
2. Replace pickup truck.
3. Replace street truck.
4. Replace backhoe.
5. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping deadend lines.
6. Continue policy of extending and improving sewer lines as needed.
7. Continue street survey policy for the acquisition of rights-of-way and installation of curb-and-guttering.
8. Make street improvements and repairs as needed.
9. Construct sidewalks as needed.
10. Purchase office equipment as needed.

PHASE II (FY 1987-88 - FY 1991-92) of Public Improvements Program:

1. Purchase a new fire truck as replacement for 1962 750 gpm pumper.
2. Purchase two new patrol cars.
3. Replace pickup truck.
4. Replace street truck.
5. Replace backhoe.
6. Renovate water tank.
7. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping deadend lines.
8. Continue policy of extending and improving sewer lines as needed.
9. Continue street survey policy for the acquisition of rights-of-way and installation of curb-and-guttering.
10. Make street improvements and repairs as needed.
11. Construct sidewalks as needed.
12. Purchase office equipment as needed.

PHASE III (FY 1992-93 - FY 1996-97) of Public Improvements Program:

1. Purchase two new patrol cars.

2. Replace pickup truck.

3. Replace street truck.

4. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping deadend lines.

5. Continue policy of extending and improving sewer lines as needed.

6. Continue street survey for the acquisition of rights-of-way and installation of curb-and-guttering.

7. Make street improvements and repairs as needed.

8. Construct sidewalks as needed.

9. Purchase office equipment as needed.

ENVIRONMENTAL ASSESSMENT STATEMENT

This report includes the programming and scheduling of major capital expenditures over a six year period for Granite Quarry, North Carolina, and a public improvements program for the 15 years following the six year capital budget period.

Since all of the projects proposed in this report are for capital improvements, many will involve construction of some type. In all cases where construction occurs, the environment is affected to one degree or another and resources used in that construction; i.e., building materials, energy, and manpower, become committed. However, the capital items listed in the report are necessary to meet the future needs of the Town of Granite Quarry and its citizens. In all probability they will occur with or without prior scheduling. However, planning ahead for them as is done in this report helps to assure that each will occur with a minimum of duplicated effort. It also helps to assure that effects on the environment and the use of resources are kept to a minimum since each project is planned to meet specific needs of the community.

Adverse environmental effects are basically limited to site preparation prior to construction of various types. In this case care will be taken to minimize short and long range effects in keeping with state sedimentation and health regulations.

The primary alternatives to the proposed projects in this report are to continue to use existing facilities as they exist today. However, the purpose of the proposed facilities is to replace equipment which will no longer function properly after the anticipated replacement date and to extend facilities which are, or will be, over-used without proper relief.

In the event improvements are not made as proposed, hazards could result to the environment and possibly to the public. Barring unseen events, the projects as proposed meet the town's expected needs over a period of time and alternatives would be inconsistent with actual work.

Some of the projects as proposed in this report may be expected to have minimum, short range, adverse effects on the environment. However, new equipment for water and sewer extensions and overall improvements to these two systems will provide long term improvements to human resources.

In all cases where construction and new equipment are anticipated, there will be a commitment of building resources and energy which cannot be retrieved. However, by planning for the projects beforehand, as is done in this report, it should be possible to schedule only those resources required to meet actual needs.

Since some of the proposed projects will not be accomplished for several years, it is impossible to state federal, state, and local environmental controls that will be applicable to them. Those which will be accomplished within the next year and for which the environment is affected will comply to acts pertaining to clean air and water and applicable other federal, state and local controls regarding the environment.

In all cases proper controls will be used and applicable regulations will be followed to mitigate any impact that the proposed projects may have on the environment. These controls will be those most suited to each project. Actual control measures will be dictated by the plans and designs of each project.

At this time no problems and objectives have been raised by other federal, state and local agencies. Should problems and objectives be raised at a later date when projects come to maturity, they will be analyzed and cared for at that time.